



FRANCHISE DISCLOSURE DOCUMENT

Coast Hotels USA, LLC
a Washington limited liability company
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Seattle, Washington 98121
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coasthotels.com

DEPARTMENT OF CORPORATIONS
RECEIVED LOS ANGELES OFFICE

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The franchisee will operate a hotel under the "Coast" brand and franchisee will participate in the advertising, marketing, reservation system, and quality standards designed and implemented by Coast Hotels USA, LLC. You will be required to pay an initial franchise fee of \$200 per guest room in your hotel. The initial investment is estimated to be between \$27,500 to \$311,000. This sum does not include the purchase or lease of a hotel.

This disclosure document ("Disclosure Document") summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. NOTE, HOWEVER, THAT NO GOVERNMENTAL AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call the California Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052 or visit your public library for other sources of information on franchising.

There may also be laws on franchising in California. Ask your state agencies about them.

This franchise disclosure document was issued on _____, 2012.

COAST PROVIDES LIMITED INITIAL TRAINING TO FRANCHISEES AND ONLY LIMITED SALES AND MARKETING TRAINING ON AN ANNUAL BASIS.

Please consider the following RISK FACTORS before you buy this franchise.

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US ONLY IN THE STATE OF WASHINGTON OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN THE STATE OF WASHINGTON THAN IN CALIFORNIA

2 THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISK FACTORS CONCERNING THIS FRANCHISE.

Information comparing franchises is available Call the state administrators listed in Exhibit C or your public library for sources of information

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Disclosure Document If you learn that anything in the Disclosure Document is untrue, contact the Federal Trade Commission and the Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052

Effective date _____

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EXHIBIT A FINANCIAL STATEMENT

EXHIBIT B FRANCHISE AGREEMENT

EXHIBIT C CALIFORNIA STATE FRANCHISE ADMINISTRATORS

EXHIBIT D LIST OF FRANCHISEES

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